

Message Text

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PAGE 01 GUATEM 05322 262215Z

15

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 AGR-20 SWF-02 L-03

NSC-07 SS-20 STR-08 CEA-02 PA-04 USIA-15 PRS-01 H-03

DRC-01 TAR-02 /188 W

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R 262140Z SEP 74

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 4477

LIMITED OFFICIAL USE GUATEMALA 5322

E.O. 11652: N/A

TAGS: ETRD, GT

SUBJECT: BANANAS-DEL MONTE/GOG NEGOTIATIONS

REF: STATE 211066

1. THERE WOULD APPEAR TO BE LITTLE SUBSTANCE IN REPORT OF
CORRESPONDENT PRESENTED REFTEL. NEGOTIATIONS BETWEEN GOG
AND DEL MONTE CONTINUE TO PROCEED IN VERY LOW KEY WITH NO NEW
PROPOSALS. DEL MONTE MANAGER TAYLOR INFORMED EMBOFF SEPT. 26
THAT HE LAST MET WITH MINECON PALOMO EARLY IN SEPTEMBER. AT
THAT TIME TAYLOR SAID HE POINTED OUT THAT TAX PROPOSAL GOG HAD
SENT TO CONGRESS APPEARED TO BE IN CONFLICT WITH PROVISIONS OF
COMPANY'S CONTRACT, WHICH EXPIRES IN 1981. CONTRACT DOES NOT
PROVIDE FOR EXPORT TAX. PALOMO REPORTEDLY RECOGNIZED PROBLEM
AND SAID HIS LEGAL STAFF WAS STUDYING ISSUE. THIS WEEK,
SAME PROBLEM SURFACED IN PRESS WITH STATEMENT BY PRESIDENT OF
CONGRESS TO EFFECT COMPANY'S CONTRACT WOULD SEEM RULE OUT
EXPORT TAX. WITH SPECIFIC REGARD TO HIGHER PAYMENTS FOR LOCAL
GROWERS, TAYLOR STATED THAT HE HAS NOT DISCUSSED, AND GOG HAS
NOT PROPOSED, ANY SORT OF TRADE OFF BETWEEN SUCH PAYMENTS
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PAGE 02 GUATEM 05322 262215Z

AND EXPORT TAX. TAYLOR DID SAY, THAT AS RESULT OF RECENT

HURRICANE, HE IS DISCUSSING WITH LOCAL GROWERS MEANS OF ASSISTING THEM RECOVER FROM DAMAGE. HE IS THINKING NOT OF INCREASED PAYMENTS, HOWEVER, BUT OF BULK PURCHASES OF FERTILIZERS, ETC.

2. REFERENCE ABOVE TO CONFLICT BETWEEN CONTRACT AND PROPOSED EXPORT TAX SHOULD NOT BE TAKEN AS INDICATION OF DEVELOPING CONFLICT BETWEEN COMPANY AND GOG. TAYLOR AGAIN STATED THAT IF ALL OTHER PRODUCING COUNTRIES HANG TOGETHER AND ADOPT UNIFORM TAX, GOG AND DEL MONTE "OBVIOUSLY" WILL HAVE TO GO ALONG. IN THAT EVENT, GOG WOULD PROBABLY REQUEST CONTRACT REVISION AND DEL MONTE PRESUMABLY WOULD ACCEPT CHANGE TO PERMIT EXPORT TAX. IN SUM, BOTH GOG AND DEL MONTE SEEM TO BE IN UNRUFFLED STEP.

DECONTROL AFTER 9/26/76
ANDREWS

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Message Attributes

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